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EDUCATION SECTOR MARKETING PRACTICES



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EDUCATION SECTOR MARKETING PRACTICES

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INTRODUCTION

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INTRODUCTION

PURPOSE

- TO DETERMINE THE MARKETING PRACTICES OF THE VARIOUS TYPES OF COMPUTER COMPANIES TOWARDS THE EDUCATION MARKETPLACE.
- TO COMPARE THE MARKETING ORGANIZATION OF THESE COMPANIES RELATIVE TO SELLING TO THE EDUCATION COMMUNITY.
- TO DETERMINE THE EDUCATION DISCOUNTS OFFERED.

INTRODUCTION - (continued)

SCOPE

- SIX MAJOR MAINFRAME COMPANIES.
- THREE MAJOR MINICOMPUTER COMPANIES.
- THREE MAJOR PERSONAL COMPUTER COMPANIES.
- ALL SELECTED FOR STUDY BY IBM.

INTRODUCTION - (continued)

- COMPANIES INTERVIEWED:

- AMDAHL
- APPLE
- BURROUGHS
- COMMODORE
- CONTROL DATA
- DATA GENERAL
- DIGITAL EQUIPMENT
- HEWLETT PACKARD
- HONEYWELL
- NATIONAL SEMICONDUCTOR
- SPERRY UNIVAC
- TANDY

INTRODUCTION - (continued)

METHODOLOGY

- QUESTIONNAIRE DESIGNED BY INPUT AND USED WITH IBM'S APPROVAL.
- ALL INTERVIEWS WERE BY TELEPHONE.
- BEST EFFORTS USED TO OBTAIN TWO INTERVIEWS PER COMPANY.
- RESULTS REPORTED ORALLY AND IN PRESENTATION FORMAT.
- IBM NEVER IDENTIFIED.
- INPUT IDENTIFIED AS A MARKET RESEARCH FIRM.

CONCLUSIONS

CONCLUSIONS

GENERAL

- ALL COMPANIES CLAIM TO BE CONCENTRATING ON SELLING TO EDUCATION.
- OVERALL, THERE IS NO COHERENT APPROACH TO THIS MARKET.
 - WITHIN COMPANY TYPES MORE CONSISTENCY EXISTS.
- MICROCOMPUTERS ARE BRINGING MAJOR CHANGES TO CERTAIN ASPECTS OF THE MARKET.
- PROPOSITION 13 TYPE LAWS AND FORCED LOW BID LAWS WILL ALSO LEAD TO SIGNIFICANT CHANGES IN THE OVER-ALL ARENA.
- SYSTEM BOOKINGS TO INSTITUTIONS AND SCHOOL DISTRICTS ARE EXPECTED TO INCREASE.
 - REVENUE FROM EDUCATION AS A PERCENTAGE OF OVERALL SALES WILL PROBABLY DECLINE.

CONCLUSIONS - (continued)

- FEW PRODUCTS ARE DESIGNED SOLELY FOR THE EDUCATION MARKET.
 - SOFTWARE THAT WAS PLANNED FOR EDUCATION HAS FREQUENTLY FOUND OTHER MARKETS.
- EDUCATION MARKETING AND/OR PRODUCT SPECIALISTS ARE USUALLY NOT AWARE OF THE FINANCIAL DETAILS OF A SALE.
 - THIS USUALLY WORKED OUT BETWEEN THE BRANCH, THE REGION AND IN SOME CASES THE HOME OFFICE.
- EDUCATION DISCOUNTS, IF GIVEN, ARE FOR PURCHASED HARDWARE ONLY.
 - THERE ARE SOME EXCEPTIONS WHERE DISCOUNTS ARE EXTENDED TO OTHER CONTRACT TYPES AND/OR OTHER PRODUCTS.

CONCLUSIONS - (continued)

MAINFRAME COMPANIES

- SALES TO EDUCATION: ~ 5-7% OF 1980 SALES.
- IN GENERAL, THESE COMPANIES WILL MEET THE COMPETITION IF THEY WANT THE ACCOUNT.
- MOST HAVE FORMAL DISCOUNT POLICIES.
 - ALL GIVE DISCOUNTS.
 - DISCOUNT RANGE ON SYSTEMS IS 5-20%.
 - SOME DISCOUNT HARDWARE, SOFTWARE AND MANUALS.
- PRIME CRITERION: INSTRUCTIONAL USE.
 - RARELY DISQUALIFY ANYONE.
- USUALLY HAVE HOME OFFICE SUPPORT GROUP.
 - FIELD ORIENTATION VARIES BY COMPANY.

CONCLUSIONS - (continued)

- USUALLY HAVE CORPORATE GRANT PROGRAMS.
- UNIVERSITIES USED AS TEST SITES OR TO DEVELOP SPECIAL SOFTWARE.

CONCLUSIONS - (continued)

MINICOMPUTER COMPANIES

- GENERALLY VERY RETICENT ABOUT TALKING TO ANYONE ON THE OUTSIDE.
- HAVE A FORMAL NO DISCOUNT POLICY FOR EDUCATION.
 - IN PAST, HAVE BEEN VERY SUPPORTIVE OF EDUCATION WITH GRANTS OF SYSTEMS.
 - WILL OCCASIONALLY MEET THE COMPETITION.

CONCLUSIONS - (continued)

PERSONAL COMPUTER COMPANIES

- SELL TO END USERS THROUGH DEALERS.
 - ONLY GET INVOLVED WITH END USERS IN EDUCATION ON LARGE BIDS.
- STRONGLY FEEL THEIR SHARE OF THE EDUCATION MARKET WILL SHARPLY INCREASE.
 - SEE THEIR MARKET STRENGTH IN THE LOCAL SCHOOL DISTRICTS WITH COMPUTER LITERACY.
- TWO OUT OF THREE INTERVIEWED GIVE EDUCATIONAL DISCOUNTS.
 - ONLY ON SYSTEMS GENERALLY.
- ARE STRONG BELIEVERS IN SEEDING THE MARKET.
 - HAVE ACTIVE DONATION PROGRAMS, FREQUENTLY AT THE DEALER LEVEL.

COMPANY PROFILES

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COMPANY A

- MAINFRAME COMPANY.
- EDUCATION IS AN EMPHASIZED INDUSTRY SECTOR WITHIN THE PUBLIC INDUSTRY SEGMENT.
 - EDUCATION PRODUCT SUPPORT GROUP BUYS SERVICES FROM OTHER IN-HOUSE GROUPS.
 - SIXTY U.S. BRANCHES HAVE SALESPEOPLE SPECIALLY TRAINED IN SELLING TO THE PUBLIC SECTOR.
- FLEXIBILITY DEPENDS UPON TOTAL MARKETING SITUATION.
 - SOMETIMES THE BEST DEAL IS A STATE AND LOCAL GOVERNMENT CONTRACT.
- DISCOUNTS.
 - SYSTEMS: 5-15% DEPENDING UPON PROFITABILITY.
 - HARDWARE: REGULAR QUANTITY DISCOUNT.
 - SOFTWARE: 50% OFF PROGRAM PRODUCTS ON BILLINGS OVER \$2,000/MONTH.

COMPANY A - (continued)

- CONTRACT TYPE: NO DISTINCTION MADE, PROFIT-
ABILITY IS KEY.
- "EFFECTIVE": SOMETIMES DONE, DEPENDS UPON
MARKET DYNAMICS.
- HAVE EMPLOYEE MATCHING GRANT PROGRAM TO HIGHER
EDUCATION.
- IF FEDERAL FUNDS ARE USED TO BUY SYSTEM SOMETIMES
FEDERAL BRANCH WANTS CREDIT.
- HAVE HAD UNIVERSITIES PRODUCE SOFTWARE UNDER
CONTRACT.
- PHILOSOPHY: SEEDING THE MARKET FOR LONG-TERM
PAYOFF.
- NOT TOO EFFECTIVE BECAUSE EVERYONE IS DOING
THE SAME THING.

COMPANY B

- MAINFRAME COMPANY.
- HAVE A "LINE OF BUSINESS" ORGANIZATION.
 - GEM GROUP:
 - . FOR PRODUCT DEVELOPMENT.
 - . FOR H.O. INDUSTRY SUPPORT.
 - . REGIONAL MARKETING TEAMS.
 - . LARGER BRANCH OFFICES HAVE EDUCATION MARKETING TEAMS.
- FLEXIBLE POLICIES.
 - INSTITUTIONS AND DISTRICTS GET SPECIAL CONSIDERATION IF SYSTEM IS FOR INSTRUCTIONAL USE.
 - MARKET DYNAMICS CAN CHANGE POLICIES IN SPECIAL SITUATIONS.

COMPANY B - (continued)

- DISCOUNTS.

- SYSTEMS: 10% (HAS GONE AS HIGH AS 20%).
- HARDWARE: 10% ABOVE QUANTITY DISCOUNTS.
- MANUALS: 10-20%.
- NO SERVICES DISCOUNTED.
- CONTRACT TYPE: CONFLICTING RESPONSES. ALL AGREE DISCOUNT WOULD APPLY TO CASH BALANCE IF PURCHASE OPTION WERE TO BE EXERCISED.

- CORPORATE GRANT PROGRAM.

- RECENTLY GAVE \$100K OF SOFTWARE TO GET MORE SOFTWARE.

COMPANY B - (continued)

- PHILOSOPHY.
 - DO OUR FAIR SHARE.
 - IBM PHILOSOPHY.

COMPANY C

- MAINFRAME COMPANY.
- MARKETING.
 - GENERAL SALESPERSON SELLS TO EDUCATION.
 - H.O. GROUP IS AN AD HOC ONE.
 - SELL PRIMARILY TO UNIVERSITIES AND VERY LARGE DISTRICTS.
- FLEXIBILITY.
 - VERY STRICT, TRY TO ADHERE TO POLICIES.
 - H.O. REVIEWS EVERY CASE.

COMPANY C - (continued)

- DISCOUNTS.

- SYSTEMS: 10% ON LARGE AND MEDIUM, NONE ON SMALL.
- SOFTWARE: 10% SOMETIMES.
- MANUALS: 10% BUT RELATED TO SOFTWARE.
- CONTRACT TYPE: INSTALLMENT PURCHASE AND LEASE ARE TAKEN AS PURCHASE - 10%.
- IF USE IS STRICTLY ACADEMIC, SALESPERSON CAN GET GREATER DISCOUNT.
- IF FEDERAL FUNDS ARE USED, DISCOUNT MIGHT BE LESS.

- PHILOSOPHY.

- EARLY CUSTOMERS WERE UNIVERSITIES AND THEY WERE VERY SUPPORTIVE SO WE REMEMBER THEM.

COMPANY D

- MAINFRAME COMPANY.
- MARKETING ORGANIZATION.
 - GEM IS A TARGETED MARKET SEGMENT.
 - H.O. SUPPORTS EDUCATION FROM SEVERAL LOCATIONS.
 - FIELD IS PRODUCT ORIENTED RATHER THAN INDUSTRY ORIENTED.
 - BRANCHES ARE NOT SPECIALIZED BUT TEND TO "MAJOR" IN CERTAIN MARKETS.
- DISCOUNTS.
 - NO FORMAL EDUCATIONAL DISCOUNT POLICY.
 - USED TO HAVE ONE BUT CONSIDER EACH CASE INDIVIDUALLY.
- PROFITABILITY

COMPANY D - (continued)

. MARKET DYNAMICS.

. BENEFIT TO US.

- THOSE DISCOUNTS THAT ARE PUSHED THROUGH
COULD BE FOR ANY COMPANY. EDUCATION DOES
NOT SEEM TO GET SPECIAL CONSIDERATION.

COMPANY E

- MAINFRAME COMPANY.
- MARKETING.
 - STRONG H.O. INDUSTRY MARKETING GROUP HEADED BY A VICE PRESIDENT.
 - HAVE FIELD SPECIALISTS IN EDUCATION.
 - EMPHASIZE EDUCATION AND TRAINING WITH SPECIAL PRODUCT LINES.
 - TWENTY-FIVE PERCENT OF TOTAL SYSTEMS ARE IN HIGHER EDUCATION, EXPECT TO GROW TO 35%.
- FLEXIBLE IN MEETING EACH INDIVIDUAL SITUATION.
- DISCOUNTS.
 - NO SPECIAL EDUCATIONAL DISCOUNTS.
 - FEEL THAT THEIR PRODUCTS ARE UNIQUE AND, THEREFORE, THEY HAVE NO NEED TO "DEAL".

COMPANY E - (continued)

- PROBABLY WOULD RESPOND TO A COMPETITIVE SITUATION.

- EDUCATION GETS THE SAME DISCOUNTS AS ANY OTHER CUSTOMER, IF ELIGIBLE.

- CORPORATE GRANT PROGRAM.

- HAS LONG BEEN A SUPPORTER OF EDUCATION.

- SYSTEMS HAVE BEEN GIVEN TO UNIVERSITIES FOR RESEARCH WITH STIPULATIONS THAT THE GRANTOR HAS FIRST CHOICE IF ANY USEFUL PRODUCTS EMERGE.

- PHILOSOPHY.

- UNIQUE PRODUCTS DO NOT NEED A DISCOUNT TO BE SOLD.

COMPANY F

- MAINFRAME COMPANY.
- MARKETING.
 - EDUCATION IS TREATED AS AN INCIDENTAL MARKET ALTHOUGH THEY CLAIM 13-15% OF THEIR 1980 REVENUES ARE FROM HIGHER EDUCATION.
 - NO SEPARATE FIELD SALES GROUP TUNED TO THE EDUCATION MARKET.
- DID NOT INDICATE ANY FLEXIBILITY WHEN FACED WITH A COMPETITIVE SITUATION.
- DISCOUNTS.
 - NO SPECIAL DISCOUNTS FOR EDUCATION.
 - UNIVERSITIES RECEIVE THE SAME OEM, QUANTITY OR OTHER DISCOUNTS AS COMMERCIAL OR GOVERNMENT ACCOUNTS.

COMPANY F - (continued)

- CORPORATE GRANT PROGRAM.
 - MOST LIKELY DO NOT HAVE A FORMAL PROGRAM POLICY OR PROCEDURE BUT MAY CONSIDER EACH APPLICATION ON ITS OWN MERITS.
- PHILOSOPHY.
 - OUR SYSTEMS HAVE ENOUGH FINANCIAL ADVANTAGES THAT DISCOUNTS ARE NOT NECESSARY.

COMPANY G

- MINICOMPUTER COMPANY.
- MARKETING.
 - H.O. EDUCATION PRODUCT MARKETING GROUP.
 - NO SPECIALIZED FIELD SALESPEOPLE.
 - SOME SYSTEMS ARE SOLD TO SCHOOLS THROUGH DEALERS.
- CLAIM TO HAVE STRICT POLICIES, BUT HAVE BEEN KNOWN TO MEET THE COMPETITION.
- DISCOUNTS.
 - NO SPECIAL FORMAL EDUCATIONAL DISCOUNTS.
 - HAVE USED SOFTWARE TO "SWEETEN THE POT".
 - DEALERS CAN MAKE THEIR OWN DEALS.
 - WILL MEET THE COMPETITION IF THE ACCOUNT IS DEEMED BENEFICIAL TO COMPANY.

COMPANY G - (continued)

- CORPORATE GRANT PROGRAM.
 - VOC-TECH SCHOOLS AND HIGHER.
 - INSTRUCTIONAL USE ONLY (VERY STRICT).
 - SCHOOLS MUST HAVE THE CAPACITY TO TRAIN PEOPLE FOR THE COMPUTER INDUSTRY.
 - PREFER TO GIVE GRANTS IN LOCALES WHERE COMPANY MAINTAINS PLANTS.
- PHILOSOPHY.
 - EDUCATION IS ONE OF MANY MARKETS - NO NEED FOR SPECIAL CONSIDERATION.
 - TRAINING PERSONNEL IN LOCAL AREAS AROUND MANUFACTURING PLANTS IS A DIRECT AND IMMEDIATE BENEFIT.

COMPANY H

- MINICOMPUTER COMPANY.
- MARKETING.
 - EDUCATION WAS PRIMARY MARKET IN THE BEGINNING.
 - STRONG H.O. PRODUCT DEVELOPMENT AND MARKETING SUPPORT GROUPS.
 - STRONG REGIONAL SUPPORT FOR EDUCATION.
 - CURRENTLY NO SPECIALIZED EDUCATION SALESPEOPLE.
 - ARE BEGINNING TO USE DEALERS TO REACH END USERS.
- NOT VERY FLEXIBLE.
 - HAVE A REPUTATION OF NOT MAKING DEALS OR OF NOT GOING FAR TO MEET COMPETITION.

COMPANY H - (continued)

- DISCOUNTS.

- NO SPECIAL DISCOUNTS FOR EDUCATION.
- HAVE FORMAL QUANTITY END USER AND OEM DISCOUNT SCHEDULES.
- SELL DEMO EQUIPMENT TO SCHOOLS AT REDUCED PRICES.

- CORPORATE GRANT PROGRAM.

- HAVE GIVEN SYSTEMS WITH NO STRINGS.
- INITIALLY GAVE MANY SYSTEMS FOR SOFTWARE DEVELOPMENT AND TESTING.

- PHILOSOPHY.

- STRONGLY SUPPORTIVE OF EDUCATION WITH CORPORATE AND PERSONNEL CONTRIBUTIONS.

COMPANY I

- MINICOMPUTER COMPANY.
- MARKETING.
 - HAVE SPECIAL H.O. PRODUCT DEVELOPMENT GROUP.
 - H.O. INDUSTRY MARKETING GROUP.
 - SELL TO SCHOOLS THROUGH EDUCATION OEMs.
 - HAVE SOME EDUCATION SALESPEOPLE.
 - MARKET SPECIALIZED EQUIPMENT AND PREPACKAGED SYSTEMS TO SCHOOL.
- VERY FLEXIBLE IF IT IS MUTUALLY BENEFICIAL.
- DISCOUNTS.
 - NO FORMAL SET DISCOUNT POLICY.
 - HAVE DISCOUNT AGREEMENT WITH MANY UNIVERSITIES.

COMPANY I - (continued)

- CAN SELL TO SCHOOL DISTRICTS UNDER STATE GOVERNMENT CONTRACTS WHICH IN ONE CASE WAS A FLAT 8% DISCOUNT.
- WILL NEGOTIATE IN ANY SITUATION.
- WILL ALLOW MULTIPLE DISCOUNTS IF ELIGIBLE.
- EDUCATION RECEIVES "PREFERRED INTEREST RATES" IN A LEASE OR INSTALLMENT PURCHASE SITUATION.
- ANY GRANTED DISCOUNT IS CARRIED THROUGH INTO THE PURCHASE OPTION.
- CORPORATE GRANT PROGRAM.
 - CORPORATE CONTRIBUTION GROUP HANDLES EACH REQUEST INDIVIDUALLY. .
 - NO SET POLICY.

COMPANY I - (continued)

- PHILOSOPHY.
 - IBM CONCEPT.
 - GOOD EXPOSURE.

COMPANY J

- PERSONAL COMPUTER COMPANY.
- MARKETING.
 - DEALERS SELL TO SCHOOLS.
 - H.O. EDUCATION SALES MANAGEMENT TEAM.
 - H.O. PRODUCT MARKETING GROUP.
 - H.O. GETS INVOLVED IN STATEWIDE DEALS.
 - EDUCATION IS OVER 10% OF THEIR 1980 SALES.
 - HAVE A LARGE A/V MANUFACTURER AS AN OEM.
- VERY INFLEXIBLE.

COMPANY J - (continued)

- DISCOUNTS.

- NOTHING SPECIAL FOR EDUCATION.
- MAY GIVE SOME TECHNICAL SUPPORT IF NECESSARY.
- QUANTITY DISCOUNTS AVAILABLE FOR EVERYONE.
- DEALERS MAY MAKE OWN DEALS.

- CORPORATE GRANT PROGRAM.

- CORPORATE FOUNDATION WILL GRANT A SYSTEM TO A SCHOOL FOR A VERY CREATIVE OR UNIQUE APPLICATION.
- SCHOOL MUST APPLY FOR THE GRANT.

- PHILOSOPHY.

- ENCOURAGE APPLICATION SHARING.
- PROMOTE COMPUTER LITERACY.

COMPANY K

- PERSONAL COMPUTER COMPANY.
- MARKETING.
 - SELL THROUGH DEALERS TO EDUCATION END USERS.
 - BUILDING A H.O. EDUCATION SUPPORT GROUP NOW.
 - WILL GET INVOLVED WITH STATEWIDE BIDS.
- CAN BE FLEXIBLE, IF NECESSARY, TO GET LARGE BIDS.
 - DEALERS CAN BE AS FLEXIBLE AS THEY CHOOSE WITHIN THE BOUNDS OF ANY CONTRACT WITH THE MANUFACTURER.
- DISCOUNTS.
 - SYSTEMS.
 - THREE FOR TWO DEAL - DEALER SELLS TWO SYSTEMS TO A BONA-FIDE SCHOOL AT LIST (OR GOING) PRICE AND THEN MANUFACTURER WILL SHIP THE THIRD SYSTEM FREE TO THE SCHOOL.

COMPANY K - (continued)

- LARGE BIDS.
 - . OTHER DISCOUNTS CAN BE ARRANGED IF
WORKED OUT PRIOR TO THE BID.
- DEALERS MIGHT RENT OR LEASE SYSTEMS TO SCHOOL
BUT THE THREE FOR TWO DEAL STILL HOLDS.
- LOANERS ARE GIVEN TO SYSTEM HOUSES FOR SOFTWARE
DEVELOPMENT AND AN EDUCATION SYSTEM
HOUSE WOULD QUALIFY.
- PHILOSOPHY.
 - HELPS GET THE LOWEST BID.

COMPANY L

- PERSONAL COMPUTER COMPANY.
- MARKETING.
 - SELL TO EDUCATION END USERS THROUGH DEALERS.
 - H.O. EDUCATION SPECIALISTS.
 - H.O. NATIONAL BID GROUP SEEKS OUT STATEWIDE BIDS.
 - HAVE LARGE SCHOOL PUBLISHING HOUSE AND TESTING SERVICE AS OEMs.
- DISCOUNTS.
 - SYSTEMS.
 - . A SMALL EDUCATION DISCOUNT (ABOUT 5%) IS ADDED TO THE STANDARD QUANTITY DISCOUNT.
 - HARDWARE.
 - . SAME AS SYSTEMS.

COMPANY L - (continued)

- TRAINING.

. TEACHERS GET INITIAL CLASS IN BASIC FREE.

- DEALERS DO NOT DISCOUNT SINGLE UNIT ORDERS.

- NATIONAL BID GROUP MAY OFFER A LEASE CONTRACT WITH A DISCOUNT.

● PHILOSOPHY.

- COMPANY OCCASIONALLY MAKES AN EDUCATIONAL GRANT.

. NO FIXED RULES.

- COMPANY FEELS AN OBLIGATION TO SUPPORT EDUCATION.

EDUCATIONAL MARKETING PRACTICES QUESTIONNAIRE

INPUT is currently studying the marketing practices of the computing industry towards the education community. We are primarily interested in the marketing organization and the pricing policies of computer vendors.

Your assistance in this project is requested. In return for your cooperation INPUT will send you a summary of the study upon its completion.

All interviews and companies will remain anonymous.

I. GENERAL COMPANY INFORMATION

1a. Do you sell your products and services to the education community?

YES () NO () End interview.

1b. Do you sell some products and/or services only to the education market?

YES () NO ()

1c. If yes, what are they?

2a. Approximately what percentage of your total 1980 revenue was derived from this market?

| | | | |
|-------|----------|-------|----------|
| <hr/> | | <hr/> | 5-7% |
| <hr/> | Under 1% | <hr/> | 7-9% |
| <hr/> | 1-2% | <hr/> | 9-11% |
| <hr/> | 2-3% | <hr/> | 11-13% |
| <hr/> | 3-4% | <hr/> | 13-15% |
| <hr/> | 4-5% | <hr/> | Over 15% |

2b. How has the percentage changed during the last three years?

2c. How do you expect it to change during the next three years?

3a. Approximately what percentage of your total education market revenues were received from each of the following segments?

Elementary/secondary () Higher education ()

3b. How has this split changed during the last three years?

3c. How do you expect it to change during the next three years?

4. How is your marketing organization structured for reaching the education community?

II. EDUCATIONAL DISCOUNT INFORMATION

5. Does your company have a formal educational discount policy?

YES () NO ()

6. What are the criteria for qualifying for an educational discount?

7. What proof of qualification is required?

8. How flexible is the company with respect to qualifying potential customers?

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- 9a. Does your educational discount policy differ by type of product or service offered? .

YES () NO ()

- 9b. What is your educational discount policy for:

SYSTEMS

HARDWARE (TERMINALS, PRINTERS, ETC.)

SOFTWARE

TRAINING

SUPPORT

MAINTENANCE

MANUALS

SUPPLIES

REFURBISHED EQUIPMENT

OTHER

10a. Do you ever offer educational discounts on the total dollar volume of the order?

YES () NO ()

10b. If yes, under what circumstances?

11. How does the educational discount integrate with other discounts such as quantity discounts, etc.

12. How does the educational discount policy vary for:

RENTAL CONTRACTS

LEASE CONTRACTS

INSTALLMENT PURCHASE CONTRACTS

13. Please explain how the educational discount applies to the exercise of the purchase option clause of lease or rental contracts?

- 14a. Is the educational customer constrained in any way from reselling equipment that was obtained under an educational discount?

YES () NO ()

- 14b. If yes, what are the limitations?

- 15a. Does the discount vary based upon the applications for which the system will be used?

YES () NO ()

- 15b. If yes, how does the discount vary?

16. Under what conditions, if any, might your company make a grant to an educational institution to be used for the acquisition of computer equipment?

17. How would the use of federal grant or contract funds influence eligibility for an educational discount?

- 18a. Has your company ever donated systems to educational institutions in return for some product or service?

YES () NO ()

- 18b. What kinds of products or services were promised by the institution and what were actually received?

Promised _____
Received _____

- 18c. Were the received products useful?

YES () NO ()

19. Would educational discounts apply to a consortium of qualifying institutions organized to provide computing services to its members?

YES () NO ()

20a. Are educational discounts given to intermediary or third party organizations whose customers are qualifying institutions?

YES () NO ()

20b. If yes, please explain the circumstances.

21. Are educational discounts granted to qualifying institutions who will use the system to compete with other marketing organizations within your company?

YES () NO ()

22. Are educational discounts granted on products that are sold only to educational institutions?

YES () NO ()

23a. Are there other "pseudo" or "effective" discounts offered to educational organizations that are not given to other customers?

YES () NO ()

23b. If yes, please describe.

III. COMPANY PHILOSOPHY

24. Why does your company offer educational discounts?

25a. Do you feel they are effective? Do they accomplish the purpose stated above?

YES () NO ()

25b. If not, why?

26. What do you feel will occur in this area with respect to marketing practices and discount policies during the coming five years?

THANK YOU FOR YOUR COOPERATION

